

# **Erste Bank a.d. Novi Sad**

**Basel 3 Pillar III disclosure of data and information  
as at 30 June 2017**



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## 1. INTRODUCTION

Erste Bank a.d. Novi Sad (hereinafter referred as: the Bank), member of Erste Bank Group (hereinafter referred as: Erste Group), prepares Disclosure Report on data and information (hereinafter referred as: Disclosure Report or Report) as at 30<sup>th</sup> June 2017. The Report is available at the Bank's website (<https://www.erstebank.rs/sr/o-nama/finansijski-izvestaji/objavljivanje-podataka-i-informacija>). The data and/or information in this Report are presented in Republic of Serbia Dinars (hereinafter: RSD) currency and all values are rounded to the nearest thousand (RSD '000), except when otherwise indicated.

The Report fulfils the disclosure requirements according to article 51a of the Law on banks ('Official Gazette of the Republic of Serbia', no. 107/2005, 91/2010 and 14/2015) and according to National Bank of Serbia Decision on Disclosure of Data and Information by Banks ('Official Gazette of the Republic of Serbia', no. 103/2016).

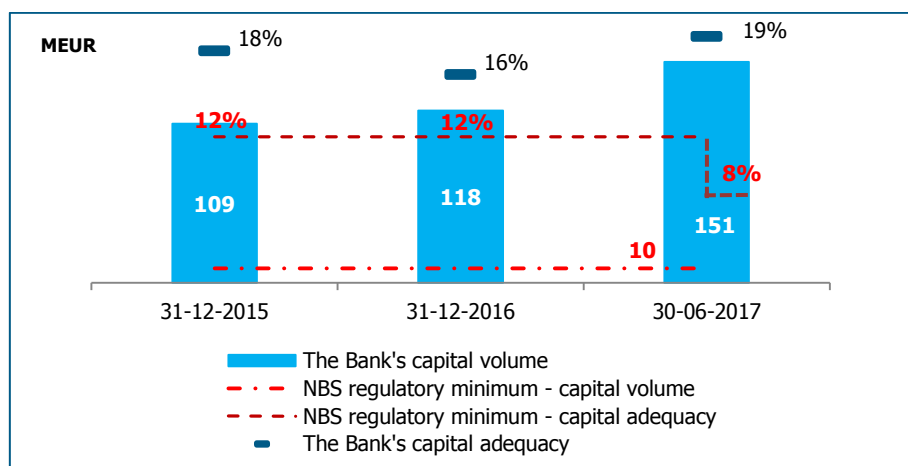
Activities that ensure correctness and adequacy of data and/or information published within the scope of the Disclosure Report are subject to an independent audit.

## 2. CAPITAL AND CAPITAL ADEQUACY

The Bank complied with the articles of the Decision on Capital Adequacy of Banks (Official Gazette of the Republic of Serbia No. 103/2016) on calculating the regulatory capital. During the reporting period, the Bank's capital has been above the required regulatory minimum.

Additionally, the minimum capital requirements pursuant to the Decision on Capital Adequacy of Banks were complied with at all times during the reporting period (from 30/06/2017 minimum capital requirement was changed from 12% to 8% in accordance with new Basel 3 local regulation).

Abovementioned compliance with regulatory limits is illustrated in the following graph.



Graph 1: The Bank's regulatory capital and capital adequacy

In accordance with the Decision on Disclosure of Data and Information, information on the Bank's capital is further provided in the following insets:

- Form PI-KAP (Inset 1)- the detailed structure of the regulatory capital of the Bank as at 30 June 2017 (with references to the position of the balance sheet assets set out in Inset 3 provided);
- Form PI-FIKAP (Inset 2) - data on main features of financial instruments included in calculation of Bank's capital;
- Form PI-UPK (Inset 3)- the balance sheet of the Bank, prepared in accordance with IAS / IFRS standards with breakdown and references to items enabling link to the positions included in Capital reports (except Prudent Valuation Adjustments – PVA which cannot be directly linked with position from Balance Sheet) prepared in accordance with the decision on reporting on capital adequacy of banks (Inset 1 - form PI-KAP).
- Form PI-AKB (Inset 4)- overview of capital requirements calculated as at 30 June 2017.

## Inset 1 - Form PI-KAP – 1/2

Data on Bank's Capital Position		(in thousand RSD)		
No	Item	Amount	DCA reference*	Reference to Inset 3
<b>Common Equity Tier 1: elements</b>				
1	CET1 capital instruments and the related share premium accounts	10.164.475		
1.1.	<i>of which: shares and other capital instruments which fulfill the requirements as laid out in Section 8 of the DCA</i>	10.040.000	Section 7, paragraph 1, item 1) and Section 8	a
1.2.	<i>of which: relevant share premium with the instruments referred to in item 1.1, i.e. the amount paid above par value of those instruments</i>	124.475	Section 7, paragraph 1, item 2)	b
2	Profit from preceding years free of any future liabilities, to be allocated to CET 1 capital according to the decision of the bank's assembly	0	Section 10, paragraph 1	
3	Profit of the current year or profit from the preceding year which the bank's assembly still has not decided to allocate in CET 1 capital which fulfill the requirements as laid out in Section 10, paras 2 and 3 on inclusion into CET 1 capital	0	Section 10, paras 2 and 3	
4	Revaluation reserves and other unrealised losses	-55.137	Section 7, paragraph 1, item 4)	v
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	7.679.825	Section 7, paragraph 1, item 5)	g
6	Reserves for general banking risks	0	Section 7, paragraph 1, paragraph 6)	
7	Non-controlling participations (minority interests) allowed in CET1**	0		
8	Common Equity Tier 1 capital before regulatory adjustments and deductibles (sum of rows from 1 to 7)	17.789.163		
<b>Common Equity Tier 1 capital: regulatory adjustments and deductibles</b>				
9	Additional value adjustments (-)	-21.563	Section 12, paragraph 5	PVA (Prudent Valuation Adjustments) is not part of BS
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	-227.481	Section 13, paragraph 1, item 2)	d
11	Deferred tax assets that rely on future profitability of the bank, excluding those arising from temporary differences (net of related deferred tax liability where the conditions referred to in Section 14, paragraph 1 of the DCA are met)	0	Section 13, paragraph 1, item 3)	
12	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, including projected cash flows	0	Section 12, paragraph 1, item 1)	
13	IRB Approach: Negative amount of difference resulting from the calculation in accordance with Section 134 of the DCA (-)	0	Section 13, paragraph 1, item 4)	
14	Any increase in equity that results from securitisation exposures (-)	0	Section 11	
15	Gains or losses on bank's liabilities valued at fair value resulting from changes in own credit standing	0	Section 12, paragraph 1, item 2)	
16	Defined benefit pension fund assets on the balance sheet of the bank(-)	0	Section 13, paragraph 1, item 5)	
17	Direct, indirect and synthetic holdings by a bank of own Common Equity Tier 1 instruments, including own CET 1 instruments that a bank is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation (-)	0	Section 13, paragraph 1, item 6)	
18	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the bank, designed to inflate artificially the capital of the bank (-)	0	Section 13, paragraph 1, item 7)	
19	Applicable amount of direct, indirect and synthetic holdings by the bank of the CET1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 13, paragraph 1, item 8)	
20	Applicable amount of direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities (-)	0	Section 13, paragraph 1, item 9)	
21	Exposure amount of the following items which qualify for a risk weight of 1.250%, where the bank deducts that exposure amount from the amount of CET1 items as an alternative to applying a risk weight of 1.250%	0	Section 13, paragraph 1, item 11)	
21.1.	<i>of which: holdings in entities outside the financial sector in the amount of over 10% of capital of those entities, i.e. holdings that allow exerting a significant impact on managing of a legal entity or on the business policy of that legal entity (-)</i>	0	Section 13, paragraph 1, item 11), indent one	
21.2.	<i>of which: securitisation positions (-)</i>	0	Section 13, paragraph 1, item 11), indent two	
21.3.	<i>of which: free deliveries (-)</i>	0	Section 13, paragraph 1, item 11), indent three	
22	Deferred tax assets that rely on the bank's future profitability arising from temporary differences (amount above 10% of bank's CET1 capital referred to in Section 21, paragraph 2, reduced by the amount of related tax liabilities where the requirements referred to in Section 14, paragraph 1 of the DCA are met (-)	0	Section 21, paragraph 1, item 1)	
23	Sum of deferred tax assets and holdings of financial sector entities where the bank has a significant investment referred to in Section 21, paragraph 1 of the DCA in such entities, which exceeds the threshold referred to in Section 21, paragraph 3 of the DCA (-)	0	Section 21, paragraph 1	
23.1.	<i>of which: Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities</i>	0	Section 21, paragraph 1, item 2)	
23.2.	<i>of which: Deferred tax assets arising from temporary differences</i>	0	Section 21, paragraph 1, item 1)	
24	Losses for the current and previous years, and unrealised losses (-)	0	Section 13, paragraph 1, item 1)	
25	Any tax charge relating to CET1 elements foreseeable at the moment of its calculation, except where the bank suitably adjusts the amount of CET1 elements insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (-)	0	Section 13, paragraph 1, item 12)	
26	Amount of items required to be deducted from the bank's Additional Tier 1 items that exceeds Additional Tier 1 capital of the bank (-)	0	Section 13, paragraph 1, item 10)	
27	Amount of required reserve for estimated losses on balance-sheet assets and off-balance sheet items of the bank	0	Section 13, paragraph 1, item 13)	
28	Total regulatory adjustments and deductibles from CET1 capital (sum of rows from 9 to 27)	-249.044		
29	Common Equity Tier 1 capital (difference between 8 and 28)	17.540.119		

**Inset 1 - Form PI-KAP – 2/2**

Additional Tier 1 capital: elements			
30	Shares and other capital instruments which fulfil the requirements as laid out in Section 23 of the DCA and related share premium accounts	0	Section 22, paragraph 1, items 1) and 2)
31	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital**	0	
32	Additional Tier 1 capital before deductibles (30+31)	0	
Additional Tier 1 capital: deductibles			
33	Direct, indirect and synthetic holdings by a bank of own Additional Tier 1 instruments, including the instruments that a bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 26, paragraph 1, item 1)
34	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 26, paragraph 1, item 2)
35	Applicable amount of direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 26, paragraph 1, item 3)
36	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for five working days or fewer (-)	0	Section 26, paragraph 1, item 4)
37	Amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank (-)	0	Section 26, paragraph 1, item 5)
38	Total deductibles from Additional Tier 1 capital (sum of rows from 33 to 37)	0	
39	Additional Tier 1 capital (difference between 32 and 38)	0	
40	Tier 1 capital (sum of rows 29 and 39)	0	
Tier 2: elements			
41	Shares and other Tier 2 capital instruments and subordinated liabilities which fulfil the requirements as laid out in Section 28 of the DCA and related share premium accounts related to instruments	735.945	Section 27, paragraph 1, items 1) and 2)
42	Capital instruments issued by subsidiaries, which are recognised as Tier 2 capital**	0	
43	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital	0	Section 27, paragraph 1, items 3) and 4)
44	Tier 2 capital before deductibles (sum of rows from 41 to 43)	735.945	
Tier 2 capital: deductibles			
45	Direct, indirect and synthetic holdings by a bank of own Tier 2 instruments and subordinated liabilities, including instruments that the bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 30, paragraph 1, item 1)
46	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 30, paragraph 1, item 2)
47	Applicable amount of direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities where a bank does not have a significant investment in those entities (-)	0	Section 30, paragraph 1, item 3)
48	Direct, indirect and synthetic holdings by the bank of the Tier 2 instruments and subordinated liabilities of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for fewer than five working days (-)	0	Section 30, paragraph 1, item 4)
49	Total deductibles from Tier 2 capital (sum of rows from 45 to 48)	0	
50	Tier 2 capital (difference between 44 and 49)	735.945	
51	Total capital (sum of rows 40 and 50)	18.276.064	
52	Total risk-weighted assets	96.851.812	Section 3, paragraph 2,
Capital adequacy ratios and capital buffers			
53	Common Equity Tier 1 capital ratio (%)	18,11	Section 3, paragraph 1, item 1)
54	Tier 1 capital ratio (%)	18,11	Section 3, paragraph 1, item 2)
55	Total capital ratio (%)	18,87	Section 3, paragraph 1, item 3)
56	Total requirements for capital buffers (%)***	5,74	Section 433
57	Common Equity Tier 1 capital available for capital buffers coverage (%)****	13,61	

**Inset 2 - Form PI-FIKAP****Main features of financial instruments included in calculation of Bank's capital**

No	Instrument features	The share capital of the Bank	The subordinated loan granted by Erste Group Bank AG, Vienna
1.	Issuer		
1.1.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: RSNVBE23514, CFI ESUVFR	
	<i>Regulatory treatment</i>		
2.	Treatment in accordance with the Decision on Capital Adequacy of Banks	<i>Core capital instrument</i>	<i>Supplementary capital instrument</i>
3.	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	<i>Individual and group</i>	<i>Individual and group</i>
4.	Instrument type	<i>Ordinary shares</i>	<i>Subordinated debt issued in the form of financial instrument</i>
5.	Amount recognised in regulatory capital (in RSD thousand, as of most recent reporting date)	Amount of 10,164,474 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124,474 thousand RSD).	Amount of 735,945 thousand RSD recognised as supplementary capital which fulfill requirements in accordance with Decision on Capital Adequacy.
6.	Nominal amount of instrument	10,040,000 thousand RSD	EUR 15,000,000
6.1.	Issue price	<i>RSD counter value of EUR 218.92</i>	
6.2.	Redemption price		
7.	Accounting classification	<i>Share capital</i>	<i>Liability – depreciated amount</i>
8.	Original date of issuance	<i>1<sup>st</sup> issue: 4.012.090 thousand RSD 23/11/2004 2<sup>nd</sup> issue: 1.369.980 thousand RSD 15/06/2006 3<sup>rd</sup> issue: 1.735.310 thousand RSD 28/12/2006 4<sup>th</sup> issue: 2.922.620 thousand RSD 19/12/2007</i>	<i>27.12.2011</i>
9.	Perpetual or dated	<i>No maturity date</i>	<i>With maturity date</i>
9.1.	<i>Original maturity date</i>	<i>No maturity date</i>	<i>27.12.2021</i>
10.	Issuer call subject to prior supervisory approval	<i>No</i>	<i>No</i>
10.1.	Optional call date, contingent call dates and redemption amount		
10.2.	Subsequent call dates, if applicable		
	Coupons / dividends		
11.	Fixed or floating dividend/coupon	<i>Variable</i>	<i>Variable</i>
12.	Coupon rate and any related index		<i>Referring to interest on subordinated loan</i>
13.	Existence of a dividend stopper		
14.1.	Fully discretionary, partially discretionary or mandatory (in terms of timing)	<i>Full discretion</i>	<i>No discretion</i>
14.2.	Fully discretionary, partially discretionary or mandatory (in terms of amount)	<i>Full discretion</i>	<i>No discretion</i>
15.	Existence of step up or other incentive to redeem	<i>No</i>	<i>No</i>
16.	Noncumulative or cumulative dividend/coupon	<i>Non-cumulative</i>	<i>Non-cumulative</i>
17.	Convertible or non-convertible	<i>Non-convertible</i>	<i>Non-convertible</i>
18.	If convertible, conversion trigger(s)		
19.	If convertible, fully or partially		
20.	If convertible, conversion rate		
21.	If convertible, mandatory or optional conversion		
22.	If convertible, specify instrument type convertible into		
23.	If convertible, specify issuer of instrument it converts into		
24.	Write-down features	<i>No</i>	<i>No</i>
25.	If write-down, write-down trigger(s)		
26.	If write-down, full or partial		
27.	If write-down, permanent or temporary		
28.	If temporary write-down, description of write-up mechanism		
29.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<i>Subordinated debt issued in the form of financial instrument</i>	<i>Other</i>
30.	Non-compliant transitioned features	<i>No</i>	<i>No</i>
31.	If yes, specify non-compliant features		



## Inset 3 - Form PI-UPK

Breakdown of elements in the Bank's Balance Sheet and references to positions included in regulatory capital (Inset 1)			
Designation of item	Item	Balance sheet	References
<b>A</b>	<b>ASSETS</b>		
A.I	Cash and assets with the central bank	18.641.847	
A.II	Pledged financial assets	0	
A.III	Financial assets recognised at fair value through income statement and held for trading	11.955.999	
A.IV	Financial assets initially recognised at fair value through income statement	0	
A.V	Financial assets available for sale	9.051.577	
A.VI	Financial assets held to maturity	7.899.357	
A.VII	Loans and receivables from banks and other financial organisations	963.786	
A.VIII	Loans and receivables from clients	92.826.968	
A.IX	Change in fair value of hedged items	0	
A.X	Receivables arising from hedging derivatives	0	
A.XI	Investments in associated companies and joint ventures	0	
	<i>Of which direct or indirect investments in banks and other financial sector person persons</i>	0	
A.XII	Investments into subsidiaries	93.560	
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>	93.560	
A.XIII	Intangible assets	227.481	d
A.XIV	Property, plant and equipment	821.186	
A.XV	Investment property	12.963	
A.XVI	Current tax assets	0	
A.XVII	Deferred tax assets	14.521	
A.XVIII	Non-current assets held for sale and discontinued operations	68.294	
A.XIX	Other assets	899.895	
	<i>Of which direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entity</i>	0	
<b>A.XX</b>	<b>TOTAL ASSETS (AOP items from 0001 to 0019 in the balance sheet)</b>	<b>143.477.434</b>	
<b>P</b>	<b>LIABILITIES</b>	<b>0</b>	
<b>PO</b>	<b>LIABILITIES</b>	<b>0</b>	
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	38.019	
PO.II	Financial liabilities initially recognised at fair value through income statement	0	
PO.III	Liabilities arising from hedging derivatives	0	
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	42.588.926	
PO.V	Deposits and other liabilities to other clients	78.064.775	
PO.VI	Change in fair value of hedged items	0	
PO.VII	Own securities issued and other borrowings	0	
	<i>Of which liabilities arising from hybrid instruments</i>	0	
PO.VIII	Subordinated liabilities	1.554.239	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	735.945	d
PO.IX	Provisions	702.702	
PO.X	Liabilities under assets held for sale and discontinued operations	0	
PO.XI	Current tax liabilities	54.308	
PO.XII	Deferred tax liabilities	0	
PO.XIII	Other liabilities	815.125	
<b>PO.XIV</b>	<b>TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)</b>	<b>123.818.094</b>	
	<b>CAPITAL</b>	<b>0</b>	
<b>PO.XV</b>	<b>Share capital</b>	<b>10.164.475</b>	
	<i>Of which nominal value of paid-in shares, except cumulative preferential shares</i>	10.040.000	a
	<i>Of which share premium on share capital, except cumulative preferential shares</i>	124.475	b
	<i>Of which nominal value of cumulative preferential shares</i>	0	
	<i>Of which share premium on cumulative preferential shares</i>	0	
<b>PO.XVI</b>	<b>Own shares</b>	<b>0</b>	
	<i>Of which acquired own shares, except cumulative preferential shares</i>	0	
	<i>Of which acquired own cumulative preferential shares</i>	0	
<b>PO.XVII</b>	<b>Profit</b>	<b>1.485.619</b>	
	<i>Of which retained earnings from previous years</i>	0	
	<i>Of which profit of the current year</i>	1.485.619	
	<i>Of which profit of the current year for which the General Assembly of the Bank adopted a decision on allocation to the core capital</i>	0	
<b>PO.XVIII</b>	<b>Loss</b>	<b>0</b>	
	<i>Of which losses from previous years</i>	0	
	<i>Of which loss in the current year</i>	0	
<b>PO.XIX</b>	<b>Reserves</b>	<b>8.009.246</b>	
	<i>Of which reserves from profit which represent element of core capital</i>	7.679.825	g
	<i>Of which other positive consolidated reserves</i>	0	
	<i>Of which other negative consolidated reserves</i>	0	
	<i>Of which other net negative revaluation reserves</i>	0	
	<i>Of which gains on bank liabilities measured at fair value due to the change in bank's credit rating</i>	0	
	<i>Of which positive revaluation reserves created on the basis of effects of changes in fair value of fixed assets, securities and other assets which are, in accordance with IFRS/IAS, credited to these reserves.</i>	358.748	
	<i>Of which unrealised losses on securities available for sale</i>	55.137	v
	<i>Of which actuarial gains</i>	25.810	
	<i>Of which tax liabilities</i>	0	
<b>PO.XX</b>	<b>Unrealised losses</b>	<b>0</b>	
<b>PO.XXI</b>	<b>Non-controlling participation</b>	<b>0</b>	
	<i>Of which minority participation in subordinated companies</i>	0	
<b>PO.XXII</b>	<b>TOTAL CAPITAL</b> (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) $\geq 0$	<b>19.659.340</b>	
<b>PO.XXIII</b>	<b>TOTAL CAPITAL SHORTFALL</b> (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) $< 0$	<b>0</b>	
<b>PO.XXIV</b>	<b>TOTAL LIABILITIES</b> (result of adding up and/or subtracting the following balance sheet items: 0414+0421-0422)	<b>143.477.434</b>	
<b>B.П.</b>	<b>OFF-BALANCE SHEET ITEMS</b>	<b>0</b>	
B.П.A.	Off-balance sheet assets	179.950.907	
	<i>Of which amount of shares received in pledge, except cumulative preferential shares</i>	0	
	<i>Of which amount of cumulative preferential shares received in pledge</i>	0	
B.П.П.	Off-balance sheet liabilities	179.950.907	

## Inset 4 - Form PI-AKB

## Data on capital requirements and capital adequacy ratio

(in thousand RSD)

No	Name	Amount
		1
I	CAPITAL	18.276.064
1.	TOTAL COMMON EQUITY TIER 1 CAPITAL	17.540.119
2.	TOTAL ADDITIONAL TIER 1 CAPITAL	0
3.	TOTAL TIER 2 CAPITAL	735.945
II	CAPITAL REQUIREMENTS	7.748.145
1.	CAPITAL REQUIREMENT FOR CREDIT RISK, COUNTERPARTY RISK, DILUTION RISK AND SETTLEMENT/DELIVERY RISK TO FREE DELIVERIES	6.443.569
1.1.	Standardised Approach (SA)	80.544.612
1.1.1.	Exposures to central governments and central banks	0
1.1.2.	Exposures to territorial autonomies or local government units	2.295.967
1.1.3.	Exposures to public administrative bodies	431.519
1.1.4.	Exposures to multilateral development banks	0
1.1.5.	Exposures to international organisations	0
1.1.6.	Exposures to banks	1.229.962
1.1.7.	Exposures to companies	34.771.607
1.1.8.	Retail exposures	22.139.114
1.1.9.	Exposures secured by mortgages on immovable property	16.700.269
1.1.10.	Exposures in default	1.445.788
1.1.11.	Exposures associated with particularly high risk	0
1.1.12.	Exposures in the form of covered bonds	0
1.1.13.	Exposures in the form of securitisation positions	0
1.1.14.	Exposures to banks and companies with a short-term credit assessment	0
1.1.15.	Exposures in the form of units in open-ended investment funds	0
1.1.16.	Equity exposures	313.389
1.1.17.	Other items	1.216.997
1.2.	Internal Ratings Based Approach (IRB)	-
1.2.1.	Exposures to central governments and central banks	-
1.2.2.	Exposures to banks	-
1.2.3.	Exposures to companies	-
1.2.4.	Retail exposures	-
1.2.4.1.	of which: Exposures secured by mortgages on immovable property	-
1.2.4.2.	of which: Qualifying revolving retail exposures	-
1.2.4.3.	of which: Exposures to small and medium-sized enterprises classified as retail exposures	-
1.2.5.	Equity exposures	-
1.2.5.1.	Approach applied:	-
1.2.5.1.1.	Simple Risk-Weight Approach	-
1.2.5.1.2.	PD/LGD Approach	-
1.2.5.1.3.	Internal models approach	-
1.2.5.2.	Types of equity exposures	-
1.2.5.2.1.	Exchange traded equity exposures	-
1.2.5.2.2.	Non-exchange traded equity exposures in sufficiently diversified portfolios	-
1.2.5.2.3.	Other equity exposures	-
1.2.5.2.4.	Equity exposures to which a bank applies the Standardised Approach	-
1.2.6.	Exposures in the form of securitisation positions	-
1.2.7.	Exposures arising from other assets	-
2	CAPITAL REQUIREMENT FOR SETTLEMENT/DELIVERY RISK IN RESPECT OF UNSETTLED TRANSACTIONS	-
3	CAPITAL REQUIREMENT FOR MARKET RISKS	211.089
3.1.	Capital requirements for position, foreign exchange risk and commodities risk calculated under the Standardised Approach	211.089
3.1.1.	Capital requirement for position risk of debt securities	176.855
	of which capital requirement for position risk in respect of securitisation items	-
3.1.2.	Capital requirements for position risk arising from equity securities	0
3.1.3.	Additional capital requirement for large exposures from the trading book	0
3.1.4.	Capital requirement for foreign exchange risk	34.234
3.1.5.	Capital requirement for commodities risk	0
3.2.	Capital requirements for position, foreign exchange and commodities risk calculated under the internal models approach	0
4	CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	1.084.684
4.1.	Capital requirement for operational risk calculated under the Basic Indicator Approach	1.084.684
4.2.	Capital requirement for operational risk calculated under the Standardised Approach/Alternative Standardised Approach	0
4.3.	Capital requirement for operational risk calculated under the Advanced Approach	0
5	CAPITAL REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENT RISK	8.803
III	COMMON EQUITY TIER 1 CAPITAL RATIO (%)	18,11
IV	TIER 1 CAPITAL RATIO (%)	18,11
V	TOTAL CAPITAL RATIO (%)	18,87

The table below lists separately regulatory adjustments and deductions from the Bank's capital by type and amount:

<i>RSD '000</i>	
<b>Common Equity Tier 1</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>	<b>-21.563</b>
(-) Additional value adjustments	-21.563
<b>Common Equity Tier 1 capital: deductibles</b>	<b>-282.618</b>
(-) Revaluation reserves and other unrealised losses	-55.137
(-) Intangible assets, including goodwill (net of deferred tax liabilities)	-227.481
<b>Additional Tier 1 capital</b>	
<b>Additional Tier 1 capital: deductibles</b>	-
<b>Tier 2 capital</b>	
<b>Tier 2 capital: deductibles</b>	-

Table 1: Regulatory adjustments and deductibles from the Bank's capital

In accordance with article no.21, paragraph no.1 of the Decision on capital adequacy ("Official Gazette of the Republic of Serbia", No. 103/2016), the Bank does not deduct from the CET 1 following items: 1 ) deferred tax assets that rely on future profitability and arise from temporary differences, and in aggregate are equal to or less than 10% of the bank's Common Equity Tier 1 capital referred to in paragraph 2 of this Section; and 2) where a bank has a significant investment in a financial sector entity, the direct, indirect and synthetic investments of that bank in the Common Equity Tier 1 instruments of those entities that in aggregate are equal to or less than 10% of the bank's Common Equity Tier 1 capital referred to in paragraph 2 of this Section, which are in the sum less than the amount of the limit referred to in paragraph 3 of this item. The Bank has significant investments in S-Leasing d.o.o. Belgrade (entity in financial sector) in the amount of RSD 93.6 mln, however, the amount does not exceed the limit of 10% of the Common Equity Tier 1 of the Bank calculated in accordance with point 21, paragraph 2 of the Decision on capital adequacy of the bank, and accordingly does not represent a deductible item from the capital of the Bank.

The table below lists limits for applying exceptions to deductible items from the Bank's CET 1:

<i>RSD '000</i>	
<b>LIMITS FOR APPLYING EXCEPTIONS TO DEDUCTIBLE ITEMS FROM THE BANK'S CET 1</b>	
Limit to which investments in financial sector entity in which the Bank does not have a significant investment are not deducted from the capital	1.754.012
Limit calculated as 10% of CET 1 in accordance with article no.21, paragraph no.2 of the Decision on capital adequacy of Banks	1.754.012
Limit calculated as 17.65% of CET 1 in accordance with article no.21, paragraph no.3 of the Decision on capital adequacy of Banks	3.094.077
Eligible capital in accordance with article no.13, paragraph no.8 of the Decision on capital adequacy of Banks	18.276.064

Table 2: Limits for applying exceptions to deductible items from the Bank's CET 1

The leverage indicator of the Bank, which represents the ratio of the equity capital, which is calculated as the sum of the CET 1 and additional equity capital in accordance with the Decision regulating the capital adequacy of the Bank, and the amount of the Bank's exposure, amounted to 10.48% as of 30/06/2017.

### 3. CREDIT RISK MITIGATION QUANTITATIVE DISCLOSURES

The table below presents net exposure before and after the use of credit protection, i.e. adjustment for effects of CRM techniques, by risk weight band.

Exposure class	Risk weight band	Net Exposure*	RSD '000
			Exposure* after CRM
Central Governments and Central Banks	0%	33.303.669	35.239.309
Local Governments and Local Authorities	20%	10.964	10.964
	100%	2.394.411	2.394.411
Public Administrative Bodies	20%	86.279	86.279
	100%	441.189	441.189
Multilateral development banks	0%	60.352	60.352
Institutions	20%	1.289.047	1.288.800
	100%	1.443.391	1.443.391
Corporates	100%	43.400.087	39.542.987
Retail	75%	33.137.819	32.590.734
Exposures secured by mortgage	35%	12.929.821	12.929.821
	50%	9.112.004	9.112.004
	100%	8.035.975	8.035.975
Past due exposures	100%	1.303.037	1.302.439
	150%	111.397	100.135
Other items	0%	2.772.560	2.772.560
	20%	61.300	61.300
	100%	1.276.420	1.264.655
	250%	14.521	14.521
Equity investments	100%	79.489	79.489
	250%	93.560	93.560
<b>Total</b>		<b>151.357.290</b>	<b>148.864.875</b>

\* Without items for which there can be no payments

Table 3: Net exposure before and after CRM per exposure class

Net exposure per exposure class is secured by the following amount of collateral type recognised credit risk mitigation as at 30 June 2017:

Exposure class	Net Exposure*	Guarantees*	RSD '000
			Cash deposit
Central Governments and Central Banks	33.303.669	-	-
Local Governments and Local Authorities	2.405.374	-	-
Public Administrative Bodies	527.468	-	-
Multilateral development banks	60.352	-	-
Institutions	2.732.438	-	247
Shares in Investment Funds	-	-	-
Corporates	43.400.087	1.935.640	1.921.460
Retail	33.137.819	-	547.085
Exposures secured by residential property	30.077.800	-	-
Past due exposures	1.414.433	-	11.860
Other items	4.124.801	-	11.764
Equity investments	173.049	-	-
<b>Total</b>	<b>151.357.290</b>	<b>1.935.640</b>	<b>2.492.415</b>

\* Without items for which there can be no payments

Table 4: Net exposure and CRM by type of CRM instrument

## 4. BANKING GROUP

The Banking Group prepares consolidated reports in accordance with International Financial Reporting Standards. The Banking Group also prepares consolidated reports in accordance with the Decision on Consolidated Supervision of Banking Group (RS Official Gazette, no. 45/2011 and 58/2017).

For both purposes, consolidation is performed by applying full consolidation method for the subsidiary S-Leasing.

In accordance with the NBS Decision on Disclosure of Data and Information by banks, information on Banking Group consolidated capital as at 30 June 2017, is further provided in the following insets:

- Form PI-KAP (Inset cons. 1)- the detailed structure of the regulatory capital on consolidated basis as at 30 June 2017 (with references to the position of the balance sheet assets set out in Inset cons. 3 provided);
- Form PI-FIKAP (Inset cons. 2) - data on main features of financial instruments included in calculation of Banking Group regulatory capital;
- Form PI-UPK (Inset cons. 3) – consolidated balance sheet of the Banking group (prepared in accordance with IAS/IFRS standards) with breakdown and references to items enabling link to the positions included in Consolidated Capital report (except Prudent Valuation Adjustments – PVA which cannot be directly linked with position from Balance Sheet) prepared in accordance with the Decision on reporting on capital adequacy of banks (Inset cons. 1– form PI-KAP);
- Form PI-AKB (Inset cons. 4) – overview of Capital Requirement calculated on consolidated basis.

## Inset cons. 1- Form PI-KAP – 1/2

## Consolidated Data on capital position of the Banking Group

(RSD thousand)

No	Item	Amount	DCA reference*	Reference to Inset cons 3
	<b>Common Equity Tier 1: elements</b>			
1	CET1 capital instruments and the related share premium accounts	10.164.475		
1.1.	<i>of which: shares and other capital instruments which fulfil the requirements as laid out in Section 8 of the DCA</i>	10.040.000	Section 7, paragraph 1, item 1) and Section 8	a
1.2.	<i>of which: relevant share premium with the instruments referred to in item 1.1, i.e. the amount paid above par value of those instruments</i>	124.475	Section 7, paragraph 1, item 2)	b
2	Profit from preceding years free of any future liabilities, to be allocated to CET 1 capital according to the decision of the bank's assembly	0	Section 10, paragraph 1	
3	Profit of the current year or profit from the preceding year which the bank's assembly still has not decided to allocate in CET 1 capital which fulfil the requirements as laid out in Section 10, paras 2 and 3 on inclusion into CET 1 capital	0	Section 10, paras 2 and 3	
4	Revaluation reserves and other unrealised losses	-55.137	Section 7, paragraph 1, item 4)	v
5	Reserves from profit and other bank reserves, except for reserves for general banking risks	7.679.825	Section 7, paragraph 1, item 5)	g
6	Reserves for general banking risks	0	Section 7, paragraph 1, paragraph 6)	
7	Non-controlling participations (minority interests) allowed in CET1**	16.875		
8	<b>Common Equity Tier 1 capital before regulatory adjustments and deductibles</b> (sum of rows from 1 to 7)	17.806.038		
	<b>Common Equity Tier 1 capital: regulatory adjustments and deductibles</b>			
9	Additional value adjustments (-)	-21.563	Section 12, paragraph 1, item 1)	PVA (Prudent Valuation Adjustments) is not part of BS
10	Intangible assets, including goodwill (net of deferred tax liabilities) (-)	-229.476	Section 13, paragraph 1, item 2)	d
11	Deferred tax assets that rely on future profitability of the bank, excluding those arising from temporary differences (net of related deferred tax liability where the conditions referred to in Section 14, paragraph 1 of the DCA are met)	0	Section 13, paragraph 1, item 3)	
12	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, including projected cash flows	0	Section 12, paragraph 1, item 1)	
13	IRB Approach: Negative amount of difference resulting from the calculation in accordance with Section 134 of the DCA (-)	0	Section 13, paragraph 1, item 4)	
14	Any increase in equity that results from securitisation exposures (-)	0	Section 11	
15	Gains or losses on bank's liabilities valued at fair value resulting from changes in own credit standing	0	Section 12, paragraph 1, item 2)	
16	Defined benefit pension fund assets on the balance sheet of the bank(-)	0	Section 13, paragraph 1, item 5)	
17	Direct, indirect and synthetic holdings by a bank of own Common Equity Tier 1 instruments, including own CET 1 instruments that a bank is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation (-)	0	Section 13, paragraph 1, item 6)	
18	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the bank, designed to inflate artificially the capital of the bank (-)	0	Section 13, paragraph 1, item 7)	
19	Applicable amount of direct, indirect and synthetic holdings by the bank of the CET1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 13, paragraph 1, item 8)	
20	Applicable amount of direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities (-)	0	Section 13, paragraph 1, item 9)	
21	Exposure amount of the following items which qualify for a risk weight of 1.250%, where the bank deducts that exposure amount from the amount of CET1 items as an alternative to applying a risk weight of 1.250%	0	Section 13, paragraph 1, item 10)	
21.1.	<i>of which: holdings in entities outside the financial sector in the amount of over 10% of capital of those entities, i.e. holdings that allow exerting a significant impact on managing of a legal entity or on the business policy of that legal entity (-)</i>	0	Section 13, paragraph 1, item 11), indent one	
21.2.	<i>of which: securitisation positions (-)</i>	0	Section 13, paragraph 1, item 12)	
21.3.	<i>of which: free deliveries (-)</i>	0	Section 13, paragraph 1, item 13)	
22	Deferred tax assets that rely on the bank's future profitability arising from temporary differences (amount above 10% of bank's CET 1 capital referred to in Section 21, paragraph 2, reduced by the amount of related tax liabilities where the requirements referred to in Section 14, paragraph 1 of the DCA are met (-)	0	Section 21, paragraph 1, item 1)	
23	Sum of deferred tax assets and holdings of financial sector entities where the bank has a significant investment referred to in Section 21, paragraph 1 of the DCA in such entities, which exceeds the threshold referred to in Section 21, paragraph 3 of the DCA (-)	0	Section 21, paragraph 1	
23.1.	<i>of which: Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the bank has a significant investment in those entities</i>	0	Section 21, paragraph 1, item 2)	
23.2.	<i>of which: Deferred tax assets arising from temporary differences</i>	0	Section 21, paragraph 1, item 1)	
24	Losses for the current and previous years, and unrealised losses (-)	0	Section 13, paragraph 1, item 1)	
25	Any tax charge relating to CET1 elements foreseeable at the moment of its calculation, except where the bank suitably adjusts the amount of CET1 elements insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (-)	0	Section 13, paragraph 1, item 12)	
26	Amount of items required to be deducted from the bank's Additional Tier 1 items that exceeds Additional Tier 1 capital of the bank (-)	0	Section 13, paragraph 1, item 10)	
27	Amount of required reserve for estimated losses on balance-sheet assets and off-balance sheet items of the bank	0	Section 13, paragraph 1, item 13)	
28	<b>Total regulatory adjustments and deductibles from CET1 capital</b> (sum of rows from 9 to 27)	-251.039		
29	<b>Common Equity Tier 1 capital</b> (difference between 8 and 28)	17.554.999		

**Inset cons. 1 - Form PI-KAP – 2/2**

	<b>Additional Tier 1 capital: elements</b>			
30	Shares and other capital instruments which fulfil the requirements as laid out in Section 23 of the DCA and related share premium accounts related to instruments	0	Section 22, paragraph 1, items	
31	Capital instruments issued by subsidiaries, which are recognised as Additional Tier 1 capital**	0		
32	<b>Additional Tier 1 capital before deductibles (30+31)</b>	0		
	<b>Additional Tier 1 capital: deductibles</b>	0		
33	Direct, indirect and synthetic holdings by a bank of own Additional Tier 1 instruments, including the instruments that a bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 26, paragraph 1, item 1)	
34	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 26, paragraph 1, item 2)	
35	Applicable amount of direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank does not have a significant investment in those entities (-)	0	Section 26, paragraph 1, item 3)	
36	Direct, indirect and synthetic holdings by a bank of the Additional Tier 1 instruments of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for five working days or fewer (-)	0	Section 26, paragraph 1, item 4)	
37	Amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank (-)	0	Section 26, paragraph 1, item 5)	
38	<b>Total deductibles from Additional Tier 1 capital (sum of rows from 33 to 37)</b>	0		
39	<b>Additional Tier 1 capital (difference between 32 and 38)</b>	0		
40	<b>Tier 1 capital (sum of rows 29 and 39)</b>	0		
	<b>Tier 2: elements</b>			
41	Shares and other Tier 2 capital instruments and subordinated liabilities which fulfil the requirements as laid out in Section 28 of the DCA and related share premium accounts related to instruments	735.945	Section 27, paragraph 1, items 1) and 2)	e
42	Capital instruments issued by subsidiaries, which are recognised as Tier 2 capital**	0		
43	Credit risk adjustments that meet the requirements for the inclusion in Tier 2 capital		Section 27, paragraph 1, items 3) and 4)	
44	<b>Tier 2 capital before deductibles (sum of rows from 41 to 43)</b>	735.945		
	<b>Tier 2 capital: deductibles</b>			
45	Direct, indirect and synthetic holdings by a bank of own Tier 2 instruments and subordinated liabilities, including instruments that the bank is obliged to purchase as a result of existing contractual obligations (-)	0	Section 30, paragraph 1, item 1)	
46	Direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities with which the bank has reciprocal cross holdings, designed to inflate artificially the capital of the bank (-)	0	Section 30, paragraph 1, item 2)	
47	Applicable amount of direct, indirect and synthetic holdings of the Tier 2 instruments and subordinated liabilities of financial sector entities where a bank does not have a significant investment in those entities (-)	0	Section 30, paragraph 1, item 3)	
48	Direct, indirect and synthetic holdings by the bank of the Tier 2 instruments and subordinated liabilities of financial sector entities where the bank has a significant investment in those entities, excluding underwriting positions held for fewer than five working days (-)	0	Section 30, paragraph 1, item 4)	
49	<b>Total deductibles from Tier 2 capital (sum of rows from 45 to 48)</b>	0		
50	<b>Tier 2 capital (difference between 44 and 49)</b>	735.945		
51	<b>Total capital (sum of rows 40 and 50)</b>	18.290.945		
52	<b>Total risk-weighted assets</b>	102.204.606	Section 3, paragraph 2,	
	<b>Capital adequacy ratios and capital buffers</b>			
53	<b>Common Equity Tier 1 capital ratio (%)</b>	17,18	Section 3, paragraph 1, item 1)	
54	<b>Tier 1 capital ratio (%)</b>	17,18	Section 3, paragraph 1, item 2)	
55	<b>Total capital ratio (%)</b>	17,90	Section 3, paragraph 1, item 3)	
56	<b>Total requirements for capital buffers (%)***</b>	5,81	Section 433	
57	<b>Common Equity Tier 1 capital available for capital buffers coverage (%)****</b>	12,68		

**Inset cons. 2 - Form PI-FIKAP consolidated**

Main features of financial instruments included in calculation of Bank's capital on consolidated level

No	Instrument features	The share capital of the Bank	The subordinated loan granted by Erste Group Bank AG, Vienna	Minority interest in a subsidiary S-Leasing
1.	Issuer			
1.1.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: RSNVBE23514, CFI: ESVUFR		
	Regulatory treatment			
2.	Treatment in accordance with the Decision on Capital Adequacy of Banks	Core capital instrument	Supplementary capital instrument	Core capital instrument
3.	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	Individual and group	Individual and group	Group
4.	Instrument type	Ordinary shares	Subordinated debt issued in the form of financial instrument	Minority participations
5.	Amount recognised in regulatory capital (in RSD thousand, as of most recent reporting date)	Amount of 10,164,474 thousand RSD is recognized for the purposes of calculating regulatory capital (nominal value plus share premium in the amount of 124,474 thousand RSD).	Amount of 735,945 thousand RSD recognised as supplementary capital which fulfill requirements in accordance with Decision on Capital Adequacy.	Minority interest in the capital (25% of core capital) is recognised in total amount of 16,875 thousand RSD
6.	Nominal amount of instrument	10,040,000 thousand RSD	EUR 15,000,000	The total paid up capital amounts to 67,500 thousand RSD, of which 25% are in the minority participation.
6.1.	Issue price	RSD counter value of EUR 218.92		
6.2.	Redemption price			
7.	Accounting classification	Share capital	Liability – depreciated amount	Minority participations
8.	Original date of issuance	1 <sup>st</sup> issue: 4.012.090 thousand RSD 23/11/2004 2 <sup>nd</sup> issue: 1.369.980 thousand RSD 15/06/2006 3 <sup>rd</sup> issue: 1.735.310 thousand RSD 28/12/2006 4 <sup>th</sup> issue: 2.922.620 thousand RSD 19/12/2007	27.12.2011	1 <sup>st</sup> issue: 6.538.920 RSD 17/06/2003 2 <sup>nd</sup> issue: 33.716.916 RSD 29/06/2009 3 <sup>rd</sup> issue: 4.076.256 RSD 27/09/2011 4 <sup>th</sup> issue: 16.122.628 RSD 09/04/2013 5 <sup>th</sup> issue: 7.045.000 RSD 13/05/2015
9.	Perpetual or dated	No maturity date	With maturity date	No maturity date
9.1.	Original maturity date	No maturity date	27.12.2021	No maturity date
10.	Issuer call subject to prior supervisory approval	No	No	No
10.1.	Optional call date, contingent call dates and redemption amount			
10.2.	Subsequent call dates, if applicable			
	Coupons / dividends			
11.	Fixed or floating dividend/coupon	Variable	Variable	Variable
12.	Coupon rate and any related index		Referring to interest on subordinated loan	
13.	Existence of a dividend stopper			
14.1.	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretion	No discretion	Full discretion
14.2.	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretion	No discretion	Full discretion
15.	Existence of step up or other incentive to redeem	No	No	No
16.	Noncumulative or cumulative dividend/coupon	Non-cumulative	Non-cumulative	Non-cumulative
17.	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
18.	If convertible, conversion trigger(s)			
19.	If convertible, fully or partially			
20.	If convertible, conversion rate			
21.	If convertible, mandatory or optional conversion			
22.	If convertible, specify instrument type convertible into			
23.	If convertible, specify issuer of instrument it converts into			
24.	Write-down features	No	No	No
25.	If write-down, write-down trigger(s)			
26.	If write-down, full or partial			
27.	If write-down, permanent or temporary			
28.	If temporary write-down, description of write-up mechanism			
29.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Minority participations	Other	Subordinated debt issued in the form of financial instrument
30.	Non-compliant transitioned features	No	No	No
31.	If yes, specify non-compliant features			



## Inset cons. 3 - Form PI-UPK consolidated

Breakdown of elements in the consolidated Balance Sheet with references to Capital positions in form PI-KAP (Inset cons. 1)			
Designation of	Item	Balance sheet	References
<b>A</b>	<b>ASSETS</b>		
A.I	Cash and assets with the central bank	18.641.847	
A.II	Pledged financial assets	0	
A.III	Financial assets recognised at fair value through income statement and held for trading	11.955.999	
A.IV	Financial assets initially recognised at fair value through income statement	0	
A.V	Financial assets available for sale	9.051.577	
A.VI	Financial assets held to maturity	7.899.357	
A.VII	Loans and receivables from banks and other financial organisations	961.516	
A.VIII	Loans and receivables from clients	98.616.852	
A.IX	Change in fair value of hedged items	0	
A.X	Receivables arising from hedging derivatives	0	
A.XI	Investments in associated companies and joint ventures	118	
	<i>Of which direct or indirect investments in banks and other financial sector person persons</i>	0	
A.XII	Investments into subsidiaries	0	
	<i>Of which direct or indirect investments in banks and other financial sector persons</i>	0	
A.XIII	Intangible assets	229.476	d
A.XIV	Property, plant and equipment	825.223	
A.XV	Investment property	12.963	
A.XVI	Current tax assets	6.513	
A.XVII	Deferred tax assets	16.743	
A.XVIII	Non-current assets held for sale and discontinued operations	69.146	
A.XIX	Other assets	927.227	
	<i>Of which direct or indirect investment in banks and other financial sector entities that exceed 10% of the capital of such banks and/or other financial sector entity</i>	0	
A.XX	<b>TOTAL ASSETS (AOP items from 0001 to 0019 in the balance sheet)</b>	<b>149.214.557</b>	
<b>P</b>	<b>LIABILITIES</b>	<b>0</b>	
<b>PO</b>	<b>LIABILITIES</b>	<b>0</b>	
PO.I	Financial liabilities recognised at fair value through income statement and held for trading	38.019	
PO.II	Financial liabilities initially recognised at fair value through income statement	0	
PO.III	Liabilities arising from hedging derivatives	0	
PO.IV	Deposits and other liabilities to banks, other financial organisations and central bank	48.225.763	
PO.V	Deposits and other liabilities to other clients	78.064.775	
PO.VI	Change in fair value of hedged items	0	
PO.VII	Own securities issued and other borrowings	0	
	<i>Of which liabilities arising from hybrid instruments</i>	0	
PO.VIII	Subordinated liabilities	1.554.239	
	<i>Of which subordinated liabilities included in bank's supplementary capital</i>	735.945	e
PO.IX	Provisions	720.290	
PO.X	Liabilities under assets held for sale and discontinued operations	0	
PO.XI	Current tax liabilities	54.308	
PO.XII	Deferred tax liabilities	0	
PO.XIII	Other liabilities	750.658	
PO.XIV	<b>TOTAL LIABILITIES (AOP items from 0401 to 0413 in the balance sheet)</b>	<b>129.408.052</b>	
	<b>CAPITAL</b>	<b>0</b>	
PO.XV	Share capital	10.164.475	
	<i>Of which nominal value of paid-in shares, except cumulative preferential shares</i>	10.040.000	a
	<i>Of which share premium on share capital, except cumulative preferential shares</i>	124.475	b
	<i>Of which nominal value of cumulative preferential shares</i>	0	
	<i>Of which share premium on cumulative preferential shares</i>	0	
PO.XVI	Own shares	0	
	<i>Of which acquired own shares, except cumulative preferential shares</i>	0	
	<i>Of which acquired own cumulative preferential shares</i>	0	
PO.XVII	Profit	1.572.337	
	<i>Of which retained earnings from previous years (Erste Bank)</i>	0	
	<i>Of which profit of the current year</i>	1.572.337	
	<i>Of which profit of the current year for which the General Assembly of the Bank adopted a decision on allocation to the core capital</i>	0	
	<i>Of which loss in the current year (75% S-leasing)</i>	0	
	<i>Of which other positive consolidated reserves</i>	0	
PO.XVIII	Loss	0	
	<i>Of which losses from previous years</i>	0	
PO.XIX	Reserves	8.009.512	
	<i>Of which reserves from profit which represent element of core capital</i>	7.679.825	g
	<i>Of which other negative consolidated reserves</i>	0	
	<i>Of which other net negative revaluation reserves</i>	0	
	<i>Of which gains on bank liabilities measured at fair value due to the change in bank's credit rating</i>	0	
	<i>Of which positive revaluation reserves created on the basis of effects of changes in fair value of fixed assets, securities and other assets which are, in accordance with IFRS/IAS, credited to these reserves.</i>	0	
	<i>Of which unrealised losses on securities available for sale</i>	55.137	v
	<i>Of which actuarial gains</i>	0	
	<i>Of which tax liabilities</i>	0	
PO.XX	Unrealised losses	0	
PO.XXI	Non-controlling participation	60.181	
	<i>Of which minority participation in subordinated companies</i>	16.875	d
	<i>Of which minority participation related to profit in current year</i>	0	
PO.XXII	<b>TOTAL CAPITAL</b> (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) ≥ 0	<b>19.806.505</b>	
PO.XXIII	<b>TOTAL CAPITAL SHORTFALL</b> (result of adding up and/or subtracting the following balance sheet items: 0415-0416+0417-0418+0419+0420) < 0	<b>0</b>	
PO.XXIV	<b>TOTAL LIABILITIES</b> (result of adding up and/or subtracting the following balance sheet items: 0414+0421-0422)	<b>149.214.557</b>	
<b>B.Π.</b>	<b>OFF-BALANCE SHEET ITEMS</b>	<b>0</b>	
B.Π.A.	Off-balance sheet assets	179.950.907	
	<i>Of which amount of shares received in pledge, except cumulative preferential shares</i>	0	
	<i>Of which amount of cumulative preferential shares received in pledge</i>	0	
B.Π.Π.	Off-balance sheet liabilities	179.950.907	

## Inset cons. 4 - Form PI-AKB consolidated

## Data on capital requirements and capital adequacy on consolidated basis

(in thousand RSD)

No	Name	Amount
		1
I	CAPITAL	18.290.945
1.	TOTAL COMMON EQUITY TIER 1 CAPITAL	17.554.999
2.	TOTAL ADDITIONAL TIER 1 CAPITAL	0
3.	TOTAL TIER 2 CAPITAL	735.945
II	CAPITAL REQUIREMENTS	8.176.368
1.	CAPITAL REQUIREMENT FOR CREDIT RISK, COUNTERPARTY RISK, DILUTION RISK AND SETTLEMENT/DELIVERY RISK TO FREE DELIVERIES	6.833.512
1.1.	Standardised Approach (SA)	85.418.901
1.1.1.	Exposures to central governments and central banks	0
1.1.2.	Exposures to territorial autonomies or local government units	2.297.413
1.1.3.	Exposures to public administrative bodies	454.085
1.1.4.	Exposures to multilateral development banks	0
1.1.5.	Exposures to international organisations	0
1.1.6.	Exposures to banks	1.521.900
1.1.7.	Exposures to companies	37.022.791
1.1.8.	Retail exposures	24.590.328
1.1.9.	Exposures secured by mortgages on immovable property	16.700.269
1.1.10.	Exposures in default	1.449.377
1.1.11.	Exposures associated with particularly high risk	0
1.1.12.	Exposures in the form of covered bonds	0
1.1.13.	Exposures in the form of securitisation positions	0
1.1.14.	Exposures to banks and companies with a short-term credit assessment	0
1.1.15.	Exposures in the form of units in open-ended investment funds	0
1.1.16.	Equity exposures	79.488
1.1.17.	Other items	1.303.250
1.2.	Internal Ratings Based Approach (IRB)	-
1.2.1.	Exposures to central governments and central banks	-
1.2.2.	Exposures to banks	-
1.2.3.	Exposures to companies	-
1.2.4.	Retail exposures	-
1.2.4.1.	of which: Exposures secured by mortgages on immovable property	-
1.2.4.2.	of which: Qualifying revolving retail exposures	-
1.2.4.3.	of which: Exposures to small and medium-sized enterprises classified as retail exposures	-
1.2.5.	Equity exposures	-
1.2.5.1.	Approach applied:	-
1.2.5.1.1.	Simple Risk-Weight Approach	-
1.2.5.1.2.	PD/LGD Approach	-
1.2.5.1.3.	Internal models approach	-
1.2.5.2.	Types of equity exposures	-
1.2.5.2.1.	Exchange traded equity exposures	-
1.2.5.2.2.	Non-exchange traded equity exposures in sufficiently diversified portfolios	-
1.2.5.2.3.	Other equity exposures	-
1.2.5.2.4.	Equity exposures to which a bank applies the Standardised Approach	-
1.2.6.	Exposures in the form of securitisation positions	-
1.2.7.	Exposures arising from other assets	-
2	CAPITAL REQUIREMENT FOR SETTLEMENT/DELIVERY RISK IN RESPECT OF UNSETTLED TRANSACTIONS	-
3	CAPITAL REQUIREMENT FOR MARKET RISKS	231.631
3.1.	Capital requirements for position, foreign exchange risk and commodities risk calculated under the Standardised Approach	231.631
3.1.1.	Capital requirement for position risk of debt securities	176.855
	of which capital requirement for position risk in respect of securitisation items	-
3.1.2.	Capital requirements for position risk arising from equity securities	0
3.1.3.	Additional capital requirement for large exposures from the trading book	0
3.1.4.	Capital requirement for foreign exchange risk	54.776
3.1.5.	Capital requirement for commodities risk	0
3.2.	Capital requirements for position, foreign exchange and commodities risk calculated under the internal models approach	0
4	CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	1.102.422
4.1.	Capital requirement for operational risk calculated under the Basic Indicator Approach	1.102.422
4.2.	Capital requirement for operational risk calculated under the Standardised Approach/Alternative Standardised Approach	0
4.3.	Capital requirement for operational risk calculated under the Advanced Approach	0
5	CAPITAL REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENT RISK	8.803
III	COMMON EQUITY TIER 1 CAPITAL RATIO (%)	17,18
IV	TIER 1 CAPITAL RATIO (%)	17,18
V	TOTAL CAPITAL RATIO (%)	17,90

The table below lists separately regulatory adjustments and deductions from the Bank's capital on consolidated level, by type and amount:

	<i>RSD '000</i>
<b>Common Equity Tier 1</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>	<b>-21.563</b>
(-) Additional value adjustments	-21.563
<b>Common Equity Tier 1 capital: deductibles</b>	<b>284.612</b>
(-) Revaluation reserves and other unrealised losses	-55.137
(-) Intangible assets, including goodwill (net of deferred tax liabilities)	-229.476
<b>Additional Tier 1 capital</b>	
<b>Additional Tier 1 capital: deductibles</b>	-
<b>Tier 2 capital</b>	
<b>Tier 2 capital: deductibles</b>	-

Table 5: Regulatory adjustments and deductibles from the Bank's capital on consolidated level

The table below lists limits for applying exceptions to deductible items from CET 1 of the Banking Group on consolidated level:

	<i>RSD '000</i>
<b>LIMITS FOR APPLYING EXCEPTIONS TO DEDUCTIBLE ITEMS FROM THE BANK'S CET 1</b>	
Limit to which investments in financial sector entity in which the Bank does not have a significant investment are not deducted from the capital	1.755.500
Limit calculated as 10% of CET 1 in accordance with article no.21, paragraph no.2 of the Decision on capital adequacy of Banks	1.755.500
Limit calculated as 17.65% of CET 1 in accordance with article no.21, paragraph no.3 of the Decision on capital adequacy of Banks	3.098.457
Eligible capital in accordance with article no.13, paragraph no.8 of the Decision on capital adequacy of Banks	18.290.945

Table 6: Limits for applying exceptions to deductible items from the Bank's CET 1 on consolidated level

The leverage indicator of the Bank on consolidated level, which represents the ratio of the equity capital, which is calculated as the sum of the CET 1 and additional equity capital in accordance with the Decision regulating the capital adequacy of the Bank, and the amount of the Banking Group exposure, amounted to 10.14% as of 30/06/2017.

Novi Sad, September 2017

Approved by the Executive Committee of Erste Bank a.d., Novi Sad.